

Serving Persons of Modest Means. The cost of complying with requirements that would result from provisions in section 204 are difficult to assess because the NCUA would have to develop a new set of criteria to evaluate a credit union's service to members of modest means. Such rules are likely to differ substantially from those applicable to other depository institutions. Based on information from the NCUA and other regulatory agencies, CBO estimates that the costs of complying with those provisions would range from \$25 million to \$33 million in the year 2000 and would fall in the next year once the system is in place. Most of the incremental costs to credit unions would be for keeping additional records on member loans and share accounts to assist in monitoring services to low-income persons, marketing to all segments within the membership field, and undergoing more extensive periodic examinations. Costs could be higher if the NCUA determines that additional types of information would be necessary to monitor compliance with these provisions.

In general, federally insured credit unions would have to record additional information on households with respect to such member services as loans and, possibly, share accounts. The incremental costs of new record-keeping requirements could range between \$17 million and \$25 million beginning in the year 2000, and would fall by 20 percent to 30 percent in the next years once the system is fully in place. Costs would then rise over time as the number of loans and share accounts grows. CBO estimates that the costs of marketing to all income strata within the field of membership would increase costs by \$4 million to \$5 million annually, which is less than 1 percent of the amount that credit unions currently spend on educational and promotional expenses. In addition to those incremental costs, credit unions would have to cover the costs of more extensive examinations by regulators. Based on information from the NCUA and banking regulators, CBO estimates that the increased costs for periodic examinations would be about \$3 million a year by the year 2000.

Business Loans to Members. The restrictions on business loans to members would not impose a significant cost on the industry as a whole. Currently about 1,550 credit unions make business loans to their members. Of that group, only about 100 institutions are currently over the limit proposed in the act. According to the latest data, those institutions would be over the limit by almost \$870 million in loans. However, many of the institutions that are over the limit would be able to qualify under the act for an exemption based on their history of making such loans. (In over 40 percent of the institutions that are currently over the limit, business loans make up 37 percent or more of their loan portfolio.)

Credit unions that do not qualify for an exemption would have 3 years to: allow loans to turn over (the turnover rate for all credit union loans averages about 22 months); try to sell loans on the market—only quality loans would attract a high percentage on the dollar; try to engage in "participating loan" programs, which allow institutions to share up to 90 percent of their loan portfolio with other credit unions; or try to "call in" loans under loan agreements that have a provision allowing such an action. Institutions with nonperforming loans or those that have a slow turnover in their portfolio may have to sell loans at a significant loss or write off loans at a total loss. Even institutions that are able to sell off business loans could experience a loss in interest income if they are unable to invest money from the sale of those loans at comparable interest rates. (Business loans typically garner a higher

rate than other loans in a credit union's portfolio.)

Safety and Soundness Provisions. The near-term costs of new requirements under section 301 should be small for two reasons. First, the NCUA currently monitors the net worth of credit unions and administers several informal policies that are analogous to prompt corrective action procedures applicable to FDIC-insured institutions. Second, about 94 percent of all federally insured credit unions are currently well capitalized. Institutions with the lowest composite performance ratings given by regulators have accounted for only 3 percent or less of all credit unions over the last four years.

Under PCA, institutions that are not well capitalized would have to set aside funds that they could otherwise use to earn interest income. However, according to the NCUA, the .04 percent retention requirement is not significantly different from current earnings-retention requirements. The costs of examinations for credit unions would also increase slightly (by \$1 million or so by the year 2001) for all credit unions under a system of prompt corrective action.

Other Mandate Costs. Under section 302, insured credit unions with more than \$50 million in assets would have to remit assessments twice a year to the NCUSIF, thus losing the use of \$60 million for six months, compared to the current system. Assuming credit unions would earn an annual yield of about 5.5 percent on those funds, they would lose income of \$1.5 million to \$2 million per year over the 1999-2003 period.

The costs of complying with the accounting provisions in H.R. 1151 would be small. According to recent data from the NCUA, all but one of the credit unions with over \$500 million in assets already have an independent outside audit performed each year. The incremental costs of an audit would be less than \$30,000 for an institution of that size. The costs of complying with GAAP would also be minor because most credit unions with assets over \$10 million use accounting procedures that are largely consistent with GAAP. For institutions that currently use methods that are not consistent with GAAP (mostly cash accounting methods), the additional compliance costs of this mandate could include the costs to train employees in the application of GAAP accounting methods, and the costs of transferring records into a new system of accounting. However, the majority of institutions do not use cash accounting methods and would, therefore, only have to make minor changes to achieve compliance.

Previous CBO estimate: On June 2, 1998, CBO prepared a cost estimate for H.R. 1151, as passed by the House of Representatives on April 1, 1998. For the House version of H.R. 1151, CBO estimated that deposits in credit unions would grow by 6 percent annually by 2000, compared to projected annual growth of about 3 percent under current law. As a result, CBO estimated that net assessments paid to the NCUSIF would increase by \$628 million over the period 1999-2003 period, and that the shift in deposits would reduce revenues to the federal government by \$217 million through 2003. In contrast, for the Senate version of H.R. 1151, CBO estimates that deposits in credit unions would grow at a rate of about 2 percent annually by 2000, that net assessments would increase by \$510 million over the 1999-2003 period, and that revenue losses would total \$143 million through 2003.

CBO expects a lower annual rate of growth in deposits under the Senate version of H.R. 1151 for a number of reasons. The Senate version would specify net worth and capital requirements for credit unions and require regulators to restrict the growth of unhealthy institutions. In contrast, the

House version would give the NCUA discretion to develop future standards affecting the safety and soundness of credit unions. The Senate version of H.R. 1151 also would simplify and ease procedures for converting a credit union to a mutual institution. Unlike the House version, the Senate provisions would not bar owners and members from earning profits if the newly created mutual institution subsequently converted to a publicly traded financial institution. CBO believes, therefore, that the Senate version of H.R. 1151 would provide a greater incentive to convert a credit union to a mutual or stock institution by allowing participants to realize greater economic benefits. This is consistent with the experience of many small thrifts and banks that recently have converted from mutual to stock ownership, thereby creating substantial value for the new shareholders.

Estimate prepared by: Federal Costs: Mary Maginniss; Revenues: Mark Booth; Impact on State, Local, and Tribal Governments: Marc Nicole; and Impact on the Private Sector: Patrice Gordon.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis. ●

ADDING SENATOR BINGAMAN AS A COSPONSOR TO THE VETERANS MEDICAL CARE AMENDMENT TO THE DEFENSE AUTHORIZATION BILL

● Mr. HARKIN. Mr. President, during the deliberations over the fiscal year 1999 Defense Authorization bill, I offered an amendment to increase spending for our nation's veterans medical needs. The amendment, offered on June 25th and numbered as 2982 would have allowed the transfer of \$329 million from the defense budget to support the VA medical budget. The amendment would have transferred funds so as to avoid harming the readiness of the Armed Forces and the quality of life of military personnel and their families.

The amendment's description was incomplete as to the listing of cosponsors and I would like to correct the record at this time. Along with Senator WELLSTONE of Minnesota, Senator BINGAMAN of New Mexico, also a longtime champion of veterans, should have been included as a cosponsor.

Although the amendment did not receive the support of a majority of my colleagues, I appreciate the cosponsorship by Senator BINGAMAN and Senator WELLSTONE. I also appreciate the support of the 35 other Senators who voted in favor of increasing VA medical funding. ●

COLUMBIA RIVER FISH MITIGATION FUNDING

● Mr. SMITH of Oregon. Mr. President, I rise today to urge my colleagues who are conferees for the Fiscal Year 1999 Energy and Water Development Appropriations bill to retain the Senate-passed funding level for the Army Corps of Engineers' fish and wildlife mitigation measures on the Columbia River.

The Senate approved \$95 million for this program, which is vitally important to ongoing efforts to restore the

salmon and steelhead runs in the Columbia and Snake Rivers. Unfortunately, the House-passed bill slashed funding for the program to less than \$8 million, enough for just two studies already underway in the Basin. The House Committee justifies this action by claiming that the funds spent to date have not recovered the salmon. Further, the House report states that since a major decision on the long-term operations of the federal dams on the system is supposed to occur in 1999, we should just wait for that decision before we spend any more money on salmon recovery efforts in the basin.

Given the life cycle of the salmon, waiting even a few years is simply not an option. Inaction on our part could push the salmon closer to extinction, which is unacceptable to those of us in the Pacific Northwest. We must also be realistic about the possibility that the 1999 decision could be delayed. And unless a regional consensus is developed soon on how best to proceed, the decision—whenever it comes—is bound to be controversial and subject to challenges.

Work on these fish mitigation measures, for which most of the funding will be reimbursed through power revenues, must continue while a long-term solution is developed and implemented. The House approach to this issue fails to recognize that most of the funding is earmarked for important mitigation facilities at dams not being studied for permanent drawdown or by-pass, including McNary Dam and Bonneville Dam, as well as for important mitigation analysis studies. Information from these studies is needed if we are to make an informed decision on the long-term operation of the system.

Let me state emphatically that I am opposed to removal or drawdown of dams on the Columbia and Snake Rivers, which would destroy navigation on the river, affect irrigation, and eliminate up to 40 percent of Bonneville's generating capacity. There are those in the region who view this an "either/or" proposition: either the river is operated for salmon, or for economic activity. I say we can operate it for both.

The Columbia River truly is the lifeblood of the Northwest. The Basin drains approximately 259,000 square miles, and encompasses two countries and seven states in its approximately 1,200 miles to the Pacific Ocean.

In this century, we have harnessed the River for a variety of human activities and benefits, including navigation, water supply, power supply, and flood control. At the time many of the great public works projects in the Basin were constructed, fish and wildlife impacts were not fully considered. We are now struggling with the best way to mitigate these impacts while still meeting human needs. The consequences of these decisions could affect the livelihoods of most Northwest residents.

I know that there are those who oppose funding certain activities on the River that they view to be of questionable value. I think our colleague, Sen-

ator GORTON, performed a great service for the region with his 1996 amendment to the Northwest Power Planning and Conservation Act to require that an independent, 11-member scientific panel review projects proposed to be funded by that portion of BPA's annual fish and wildlife budget that implements the Northwest Power Planning Council's fish and wildlife program. I would support the expanded use of scientific review panels for other fish and wildlife funding proposals within the Columbia River Basin.

In closing, Mr. President, let me reiterate my fervent hope that Senate conferees on this bill will stand firm on the \$95 million appropriation this body has already approved.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

(The text of the bill (S. 2260), as passed by the Senate on July 23, 1998, is as follows:)

S. 2260

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies programs for the fiscal year ending September 30, 1999, and for other purposes, namely:

TITLE I—DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

For expenses necessary for the administration of the Department of Justice, \$76,199,000, of which not to exceed \$3,317,000 is for the Facilities Program 2000, to remain available until expended: *Provided*, That not to exceed 43 permanent positions and 44 full-time equivalent workyears and \$7,860,000 shall be expended for the Department Leadership Program: *Provided further*, That not to exceed 39 permanent positions and 39 full-time equivalent workyears and \$4,660,000 shall be expended for the Offices of Legislative Affairs and Public Affairs: *Provided further*, That the latter two aforementioned offices shall not be augmented by personnel details, temporary transfers of personnel on either a reimbursable or non-reimbursable basis or any other type of formal or informal transfer or reimbursement of personnel or funds on either a temporary or long-term basis: *Provided further*, That the Attorney General is authorized to transfer, under such terms and conditions as the Attorney General shall specify, forfeited real or personal property of limited or marginal value, as such value is determined by guidelines established by the Attorney General, to a State or local government agency, or its designated contractor or transferee, for use to support drug abuse treatment, drug and crime prevention and education, housing, job skills, and other community-based public health and safety programs: *Provided further*, That any transfer under the preceding proviso shall not create or confer any private right of action in any person against the United States, and shall be treated as a reprogramming under section 605 of this Act.

JOINT AUTOMATED BOOKING SYSTEM

For expenses necessary for the nationwide deployment of a Joint Automated Booking System, \$10,000,000, to remain available until expended.

COUNTERTERRORISM FUND

For necessary expenses, as determined by the Attorney General, \$19,999,000, to remain available until expended, to reimburse any Department of Justice organization for (1) the costs incurred in reestablishing the operational capability of an office or facility which has been damaged or destroyed as a result of any domestic or international terrorist incident, (2) the costs of providing support to counter, investigate or prosecute domestic or international terrorism, including payment of rewards in connection with these activities, (3) the costs of conducting a terrorism threat assessment of Federal agencies and their facilities, (4) the costs associated with ensuring the continuance of essential Government functions during a time of emergency, and (5) the costs of activities related to the protection of the Nation's critical infrastructure: *Provided*, That any Federal agency may be reimbursed for costs associated with implementation of the recommendations of the President's Commission on Critical Infrastructure Protection: *Provided further*, That any agency receiving services from the Department of Justice from the Fund may reimburse the Fund and that any such reimbursement shall remain available in the Fund until expended: *Provided further*, That funds provided under this paragraph shall be available only after the Attorney General notifies the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of this Act.

In addition, for necessary expenses, as determined by the Attorney General, \$174,000,000, to remain available until expended, for transfer to the Office of Justice Programs (OJP), for counterterrorism grants, contracts, cooperative agreements, and other assistance (including amounts for management and administration which shall be transferred to and merged with the "Justice Assistance" account), to cities, States, territories, and local jurisdictions; of which \$95,000,000 shall be available for equipping first responders in cities, States, territories, and local jurisdictions; of which \$5,000,000 shall be available to reimburse the Department of Health and Human Services for costs associated with Metropolitan Medical Strike Teams; of which \$10,000,000 shall be available for technical assistance and evaluation; of which \$7,000,000 shall be available for law enforcement first responder training; of which \$22,000,000 shall be available for public safety first responder training provided through the National Domestic Preparedness Consortium; of which \$25,000,000 shall be available for firefighter and emergency medical services equipment; and of which \$10,000,000 shall be available for situational training exercises.

ADMINISTRATIVE REVIEW AND APPEALS

For expenses necessary for the administration of pardon and clemency petitions and immigration related activities, \$41,858,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$33,211,000; including not to exceed \$10,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; and for the acquisition, lease, maintenance, and operation of motor vehicles, without regard to the general purchase price limitation for the current fiscal year: *Provided*, That up to one-tenth of one percent of the Department of Justice's allocation from